



CITY OF MT. HEALTHY, OHIO

Hamilton County

Regular Audit

For the Years Ended December 31, 1999 - 2000

J. L. UHRIG & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS

**78 North Plaza Blvd.
Chillicothe, Ohio 45601**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of Council
City of Mt. Healthy

We have reviewed the Independent Auditor's Report of the City of Mt. Healthy, Hamilton County, prepared by J.L. Uhrig & Associates, Inc for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Mt. Healthy is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

March 8, 2002

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CITY OF MT. HEALTHY, OHIO
Hamilton County
Table of Contents
For the Years Ended December 31, 1999 - 2000

Independent Auditor's Report	1
General Purpose Financial Statements:	
2000 Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types	6
Notes to the General Purpose Financial Statements	8
1999 Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	33
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	35
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types	36
Notes to the General Purpose Financial Statements	38
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	65
Schedule of Findings	67

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J. L. UHRIG & ASSOCIATES, INC.

Certified Public Accountants

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Independent Auditor's Report

Members of Council
City of Mt. Healthy
7700 Perry Street
Mt. Healthy, Ohio 45231

We have audited the accompanying financial statements of the City of Mt. Healthy, Ohio (the City) as of and for the years ended December 31, 1999 and 2000. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Mt. Healthy Community Improvement Corporation, a blended component unit of the City. Those financial statements were audited by another auditor whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mt. Healthy Community Improvement Corporation, is based on the reports of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the Mt. Healthy Community Improvement Corporation were not audited by the other auditor in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditor, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 1999 and 2000, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 17, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

J. L. Uhrig & Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.
Certified Public Accountants

January 17, 2002

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City of Mt. Healthy
Hamilton County, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$156,917	\$62,942	\$21,999	\$280,139
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	142,123	0	0
Cash and Cash Equivalents held by Escrow Agents	0	0	0	10
Receivables:				
Property and Other Local Taxes	272,484	234,307	0	0
Income Taxes	97,421	0	0	0
Accounts	5,729	12,000	0	0
Special Assessments	0	366	0	0
Accrued Interest	456	0	0	0
Due from Other Governments	15,003	13,080	0	0
Fixed Assets	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$548,010</u>	<u>\$464,818</u>	<u>\$21,999</u>	<u>\$280,149</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$9,427	\$9,817	\$0	\$0
Contracts Payable	149	12,000	0	0
Due to Other Governments	41,174	0	0	0
Deferred Revenue	272,484	230,210	0	0
Compensated Absences Payable	5,726	1,183	0	0
Undistributed Monies	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>328,960</u>	<u>253,210</u>	<u>0</u>	<u>0</u>
Fund Equity:				
Investment in General Fixed Assets	0	0	0	0
Fund Balances:				
Unreserved	219,050	211,608	21,999	280,149
Total Fund Equity	<u>219,050</u>	<u>211,608</u>	<u>21,999</u>	<u>280,149</u>
Total Liabilities and Fund Equity	<u>\$548,010</u>	<u>\$464,818</u>	<u>\$21,999</u>	<u>\$280,149</u>

See Accompanying Notes to the General Purpose Financial Statements

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
	\$0	\$0	\$521,997
	5,777	0	5,777
	0	0	142,123
	0	0	10
	0	0	506,791
	0	0	97,421
	0	0	17,729
	0	0	366
	0	0	456
	0	0	28,083
	0	1,993,945	1,993,945
	0	0	21,999
	0	21,999	21,999
	0	951,413	951,413
	0	0	951,413
	<u>\$5,777</u>	<u>\$1,993,945</u>	<u>\$4,288,110</u>
	\$0	\$0	\$19,244
	0	0	12,149
	0	0	51,326
	0	0	92,500
	0	0	502,694
	0	0	144,253
	0	0	151,162
	5,777	0	5,777
	0	0	777,833
	0	777,833	777,833
	<u>5,777</u>	<u>0</u>	<u>1,561,359</u>
	0	1,993,945	1,993,945
	0	0	732,806
	0	0	732,806
	0	1,993,945	2,726,751
	0	0	2,726,751
	<u>\$5,777</u>	<u>\$1,993,945</u>	<u>\$4,288,110</u>

City of Mt. Healthy
Hamilton County, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2000

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues:					
Property and Other Local Taxes	\$478,756	\$208,697	\$0	\$0	\$687,453
Income Taxes	1,047,761	0	0	0	1,047,761
Intergovernmental	93,252	182,934	0	519,207	795,393
Charges for Services	378,744	12,000	0	0	390,744
Fines, Licenses and Permits	163,374	0	0	0	163,374
Special Assessments	0	3,553	0	0	3,553
Rent	1,100	0	0	0	1,100
Investment Income	21,411	5,869	0	16,525	43,805
Net Increase in Fair Value of Investments	0	0	0	15,778	15,778
Donations	4,400	1,000	0	0	5,400
Miscellaneous	61,604	24,224	0	0	85,828
Total Revenues	2,250,402	438,277	0	551,510	3,240,189
Expenditures:					
Current:					
Security of Persons and Property	966,512	94,053	0	0	1,060,565
Transportation	0	408,324	0	0	408,324
Public Works	334,856	0	0	0	334,856
Leisure Time Activities	216,936	29,489	0	0	246,425
Community Environment	93,281	0	0	0	93,281
General Government	480,884	0	0	0	480,884
Capital Outlay	104,195	774	0	662,704	767,673
Debt Service:					
Principal Retirement	0	45,095	25,375	29,792	100,262
Interest and Fiscal Charges	0	1,249	21,943	30,792	53,984
Total Expenditures	2,196,664	578,984	47,318	723,288	3,546,254
Excess of Revenues Over (Under) Expenditures	53,738	(140,707)	(47,318)	(171,778)	(306,065)
Other Financing Sources (Uses):					
Operating Transfers - In	0	147,178	47,318	177,584	372,080
Operating Transfers - Out	(372,080)	0	0	0	(372,080)
Total Other Financing Sources (Uses)	(372,080)	147,178	47,318	177,584	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(318,342)	6,471	0	5,806	(306,065)
Fund Balances at Beginning of Year	537,392	205,137	21,999	274,343	1,038,871
Fund Balances at End of Year	\$219,050	\$211,608	\$21,999	\$280,149	\$732,806

See Accompanying Notes to the General Purpose Financial Statements

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City of Mt. Healthy
Hamilton County, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Year Ended December 31, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Local Taxes	\$455,381	\$478,756	\$23,375	\$8,649	\$209,870	\$201,221
Income Taxes	913,071	1,058,450	145,379	0	0	0
Intergovernmental	192,227	198,776	6,549	1,054	182,973	181,919
Charges for Services	331,045	379,356	48,311	0	0	0
Fines, Licenses and Permits	135,953	163,456	27,503	0	0	0
Special Assessments	0	0	0	0	3,553	3,553
Rent	1,016	1,100	84	0	0	0
Investment Income	10,835	24,749	13,914	0	0	0
Donations	4,663	4,400	(263)	0	1,000	1,000
Miscellaneous	11,975	61,639	49,664	0	24,887	24,887
Total Revenues	2,056,166	2,370,682	314,516	9,703	422,283	412,580
Expenditures:						
Current:						
Security of Persons and Property	834,233	966,133	(131,900)	108,004	94,053	13,951
Transportation	0	0	0	315,822	410,399	(94,577)
Public Works	292,015	355,973	(63,958)	0	0	0
Leisure Time Activities	180,671	216,936	(36,265)	19,000	16,000	3,000
Community Environment	96,150	93,281	2,869	0	0	0
General Government	440,211	451,226	(11,015)	0	0	0
Capital Outlay	84,644	104,195	(19,551)	610	774	(164)
Debt Service:						
Principal Retirement	0	0	0	45,095	45,095	0
Interest and Fiscal Charges	0	0	0	1,249	1,249	0
Total Expenditures	1,927,924	2,187,744	(259,820)	489,780	567,570	(77,790)
Excess of Revenues Over (Under) Expenditures	128,242	182,938	54,696	(480,077)	(145,287)	334,790
Other Financing Sources (Uses):						
Operating Transfers - In	0	0	0	0	147,178	147,178
Operating Transfers - Out	(380,204)	(372,080)	8,124	0	0	0
Advances - Out	0	0	0	(2,000)	0	2,000
Total Other Financing Sources (Uses)	(380,204)	(372,080)	8,124	(2,000)	147,178	149,178
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(251,962)	(189,142)	62,820	(482,077)	1,891	483,968
Fund Balances at Beginning of Year	346,059	346,059	0	61,051	61,051	0
Fund Balances (Deficit) at End of Year	\$94,097	\$156,917	\$62,820	(\$421,026)	\$62,942	\$483,968

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	2,109	18,571	16,462
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,109</u>	<u>18,571</u>	<u>16,462</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	140,000	143,497	(3,497)
25,375	25,375	0	29,292	29,792	(500)
<u>21,943</u>	<u>21,943</u>	<u>0</u>	<u>30,792</u>	<u>30,792</u>	<u>0</u>
<u>47,318</u>	<u>47,318</u>	<u>0</u>	<u>200,084</u>	<u>204,081</u>	<u>(3,997)</u>
<u>(47,318)</u>	<u>(47,318)</u>	<u>0</u>	<u>(197,975)</u>	<u>(185,510)</u>	<u>12,465</u>
47,263	47,318	55	0	177,584	177,584
0	0	0	(20,000)	0	20,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>47,263</u>	<u>47,318</u>	<u>55</u>	<u>(20,000)</u>	<u>177,584</u>	<u>197,584</u>
(55)	0	55	(217,975)	(7,926)	210,049
<u>21,999</u>	<u>21,999</u>	<u>0</u>	<u>288,075</u>	<u>288,075</u>	<u>0</u>
<u>\$21,944</u>	<u>\$21,999</u>	<u>\$55</u>	<u>\$70,100</u>	<u>\$280,149</u>	<u>\$210,049</u>

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Reporting Entity

The City of Mt. Healthy (the "City") was incorporated in 1817 as a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City is directed by a publicly-elected eight-member Council. The City provides general governmental services, recreation and park operations, public safety (police and fire services), and public works (maintenance and construction of public improvements).

The eight-member Council is elected to two year terms. The Mayor, Auditor, and Treasurer are elected to four year terms. The Mayor appoints a Safety Service Director who executes the laws and administers the government of the City. The Safety Service Director appoints all of the department managers of the City.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government represents the primary City operations which are directly responsible to the Mayor and Council. The City is divided into departments, financial management and control systems. Services provided include police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, community development, public health and welfare. A staff provides support (i.e., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City has one component unit included in its reporting entity.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

The Mt. Healthy Community Improvement Corporation (CIC) was created as a not for profit corporation under Sections 1724.01 et. seq., Ohio Revised Code. The CIC was established in January, 1990, for the purpose of acquiring and developing real property located in the City of Mt. Healthy to increase the opportunities for employment and strengthen the economic development of the City. The CIC is governed by a nine member Board of Trustees, six of which are elected or appointed officials of the City. Because this service entirely benefits the City, the CIC is considered a blended component unit of the City. This activity is presented as a special revenue fund of the City.

The Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines.

The City is associated with two organizations, which are defined as jointly governed organizations. These organizations are the Center for Local Government and the Hamilton County Municipal League (HCML). These organizations are presented in Note 15 of the General Purpose Financial Statements.

Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types." The following categories and fund types are used by the City:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

General Fund - The general fund is the operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - The special revenue funds are used to account for the revenues derived from specific taxes, grants, or other sources (other than amounts relating to major capital projects) whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Fund Type

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary fund is an agency fund. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve the measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to a specific fund and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - The general fixed assets account group is used to account for all fixed assets of the City. These assets do not represent financial resources available for expenditure.

General Long-Term Obligations Account Group - This account group is used to account for all unmatured long-term obligations of the City.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Mt. Healthy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All governmental fund types and the agency fund are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 31 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Unmatured principal and interest on general long-term debt is recognized when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes withheld by employers, interest, state-levied locally shared taxes (including gasoline tax and motor vehicle licenses), rentals, levied special assessments and certain charges for services.

Other revenues, including income taxes other than those withheld by employers, donations and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminable and which are not intended to finance the current year, have also been recorded as deferred revenue as further described in Note 7.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund and the community improvement corporation special revenue fund, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the program level within each fund (general fund - security of persons and property, transportation, public works, leisure time activities, community environment, general government, capital outlay and debt service). This is the level at which City Council approves appropriations. The allocation of appropriations between line items within a program may be modified with approval of the Safety Service Director. All other budgetary modifications may only be made by ordinance of the City Council.

Tax Budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund.

The City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund cash balances at December 31. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources for 2000.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. During the year several supplemental appropriation measures were passed, although none of these supplements were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding calendar year and is not reappropriated.

Cash and Cash Equivalents

To improve cash management, all cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each funds' interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. The City's Mayor's Court has its own checking account for the collection and distribution of court fines and forfeitures and is presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts." In prior years, the City deposited funds in an escrow account to guarantee the payment of outstanding debt issued in association with the CIC jointly governed organization. During fiscal year 2000, the debt was satisfied and the account was depleted to an immaterial amount. The remaining balance in this account is invested in the Firstar Treasury Fund and is presented on the combined balance sheet as "Cash and Cash Equivalents held by Escrow Agents." Investments are reported at fair value which is based on quoted market prices.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City Council has specified the funds to receive an allocation of interest earnings. Investment income credited to the general fund during fiscal year 2000 amounted to \$21,411, which includes \$9,546 assigned from other City funds. The capital projects funds also received investment income of \$16,525.

For presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents.

Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

All purchased fixed assets are valued at cost when historical records are available and estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The fixed assets threshold for the City is \$500.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as entitlements, and grants awarded on a non-reimbursement basis are recorded as revenues when measurable and available. Reimbursable type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Compensated Absences

The City follows the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than 31 days after year end are considered not to have been paid with current available financial resources.

General obligation bonds are recognized as a liability of the general long-term obligations account group until due.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Compensated Absences	Will be paid by the funds from which the employees' salaries are paid
Due to Other Governments	Will be paid by the funds from which the employees' salaries are paid
General Obligation Bonds	Will be paid by the special revenue, debt service, and capital projects funds

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Compliance

During 2000, the City did not encumber anticipated expenditures as required by section 5705.41 of the Ohio Revised Code.

The following budgetary programs had an excess of expenditures over appropriations for the year ended December 31, 2000:

	<u>Excess</u>
General Fund:	
Security of Persons and Property	\$131,900
Public Works	63,958
Leisure Time Activities	36,265
General Government	11,015
Capital Outlay	19,551
Street Construction, Maintenance and Repair Special Revenue Fund:	
Transportation	97,768
Capital Outlay	166
Compton Road Capital Projects Fund:	42,788
Capital Outlay	
Principal Retirement	500

Accountability

The street construction, maintenance and repair, state highway, and safety tax special revenue funds and the construction in progress capital projects fund had appropriations in excess of estimated resources for the year ended December 31, 2000, in the amounts of \$291,330, \$129, \$132,020, and \$130,000, respectively.

NOTE 4 - BUDGET TO GAAP RECONCILIATION

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, appropriations and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 4 - BUDGET TO GAAP RECONCILIATION (continued)

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Revenues and expenditures were not presented for non-budgeted funds (budget basis) but were recorded on the operating statement (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended December 31, 2000, on the GAAP basis to the budget basis are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types			
	General	Special Revenue	Capital Projects
GAAP Basis	(\$318,342)	\$6,471	\$5,806
Adjustments:			
Revenue Accruals	120,280	(10,116)	(432,939)
Expenditure Accruals	8,920	10,875	419,207
Non-Budgeted Activity	0	(5,339)	0
Budget Basis	(\$189,142)	\$1,891	(\$7,926)

NOTE 5 - DEPOSITS AND INVESTMENTS

The investment and deposit of City monies are governed by the Ohio Revised Code. State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

State statute permits interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held until maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the auditor or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements."

Deposits

At year end, the carrying amount of the City's deposits was \$669,897 and the bank balance was \$669,372. Of the bank balance, \$255,085 was covered by federal depository insurance, and \$414,287 was uninsured and uncollateralized. Although the balance was collateralized by securities held by the financial institutions' trust departments in the City's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City held to a successful claim by the FDIC.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Firstar Treasury Fund, the only investment at year-end, is unclassified since it is not evidenced by securities that exist in physical or book entry form and has a carrying and fair value of \$10.

The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting." There is no difference in the classification of cash and cash equivalents and investments on the combined balance sheet due to GASB Statements No. 3 or No. 9.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (other than public utility) located in the City. Property tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) are for 2000 taxes.

2000 real property taxes are levied after October 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - PROPERTY TAXES (continued)

The full tax rate for all City operations for the year ended December 31, 2000, was \$6.61 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$67,102,900
Public Utility Property	6,768,720
Tangible Personal	4,026,690
Total Property Taxes	<u>\$77,898,310</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Mt. Healthy. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

NOTE 7 - INCOME TAX

The City levies a municipal income tax of two percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 7 - INCOME TAX (continued)

In 2000, the income tax proceeds were allocated to the general fund. Income tax revenue for 2000 was \$1,047,761.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2000, consisted of property and other local taxes, income taxes, accounts, special assessments, interest and intergovernmental receivables arising from grants, entitlements, DUI fines, and shared revenues. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

	<u>Fund Type/Fund</u>	<u>Amount</u>
<u>General Fund:</u>		
DUI Fines		\$25
Emergency Medical Service Medicare Payment		98
Local Government Revenue Assistance		1,112
Undivided Local Government		1,311
Estate Tax		11,407
Security Reimbursement		792
Medicaid Payment		<u>258</u>
Total General Fund		<u>15,003</u>
<u>Special Revenue Funds:</u>		
<u>Street Construction, Maintenance and Repair</u>		
Motor Vehicle Registration		2,287
Gasoline Cents per Gallon		6,489
State Gasoline Excise Tax		<u>3,323</u>
Total Street Construction, Maintenance and Repair Fund		<u>12,099</u>
<u>State Highway</u>		
Motor Vehicle Registration		\$186
Gasoline Cents per Gallon		526
State Gasoline Excise Tax		<u>269</u>
Total State Highway Fund		<u>981</u>
Total Special Revenue Funds		<u>13,080</u>
Total All Funds		<u><u>\$28,083</u></u>

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 9 - FIXED ASSETS

A summary of the changes in general fixed assets during the year ended December 31, 2000, were as follows:

<u>Asset Category</u>	<u>Balance at December 31, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2000</u>
Land	\$282,200	\$0	\$0	\$282,200
Buildings	255,600	0	0	255,600
Equipment and Vehicles	1,380,010	76,135	0	1,456,145
Totals	<u>\$1,917,810</u>	<u>\$76,135</u>	<u>\$0</u>	<u>\$1,993,945</u>

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$36,935, \$48,190, and \$67,800, respectively. The full amount has been contributed for 2000, 1999 and 1998.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.25 percent for police. The City has no Firefighters. For 2000, the City contributions were 12.5 percent for police. Contributions are authorized by State statute. The City's contributions to the OP&F for police for the years ended December 31, 2000, 1999, and 1998 were \$79,758, \$59,942, and \$89,209, respectively. The full amount has been contributed for 1999 and 1998. 59.57 percent has been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

NOTE 11 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$28,038. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the statutory authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care costs paid from the OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999, the percentage used to fund healthcare was 7 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Mt. Healthy has no fire personnel; therefore, OP&F covers police personnel only.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$47,204 for police. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

City employees earn vacation leave and personal leave at varying rates based upon length of service. Upon departure from City employment, an employee (or his estate) will be paid for unused vacation leave.

Full time employees of the City of Mt. Healthy are credited with sick leave of 15 days per year. There is not a maximum sick leave accumulation amount. Upon retirement with ten or more years of service with the City, the State or political subdivision, an employee shall be paid for one-fourth of the total sick leave accumulation.

Unpaid compensated absences of \$6,909 at December 31, 2000, were reported as an accrued liability in the governmental fund types. The balance of the liability is reported in the general long-term obligations account group in the amount of \$144,253.

Insurance Benefits

The City has elected to provide employee medical/surgical and life insurance benefits through United Health Insurance for all employees. The City pays 100 percent of the monthly premium for all full time employees and 25 percent for part time employees.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2000, the City contracted with Hylant Group for municipal general liability, municipal automobile liability, public officials and employees liability and law enforcement liability insurance. The coverages and deductibles are as follows:

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 13 - RISK MANAGEMENT (continued)

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Municipal General Liability	\$4,000,000/6,000,000	\$0
Municipal Automobile Liability	4,000,000	0
Property	2,796,128	1,000
Wrongful Acts	4,000,000/6,000,000	2,500
Law Enforcement Liability	4,000,000/6,000,000	2,500
Bond	25,000	0
Crime	10,000	0
Inland Marine	163,560	250
Fire Vehicle	654,000	various

Settled claims have not exceeded the City's coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2000 were as follows:

	Balance at December 31, 1999	Increases	Decreases	Balance at December 31, 2000
<u>General Obligation Bonds:</u>				
Various Purpose (Drive-in)				
5.20% - 1997	\$250,000	\$0	\$14,792	\$235,208
Fire Apparatus				
5.20% - 1997	45,095	0	45,095	0
Building Improvement				
5.20% - 1997	418,000	0	25,375	392,625
Valley Auto Theater				
7.50% - 1990	165,000	0	15,000	150,000
TOTAL - General Obligation Bonds	878,095	0	100,262	777,833
<u>Other Long-Term Obligations:</u>				
Compensated Absences Payable	126,997	17,256	0	144,253
Due to Other Governments (Pension Obligations)	24,548	51,326	24,548	51,326
TOTAL - Other Long-Term Obligations	151,545	68,582	24,548	195,579
TOTAL - General Long-Term Obligations	\$1,029,640	\$68,582	\$124,810	\$973,412

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

The Various Purpose (Drive-in) bonds were issued in 1997 in the amount of \$250,000 for a period of ten years with final maturity on March 3, 2007. The bonds were issued at a 5.2% interest rate for the purpose of acquiring and constructing various capital improvements and related appurtenances within the City. Interest is paid semi-annually. The bond issue will be repaid from monies received in the Compton Road capital projects fund.

The Fire Apparatus bonds were issued in 1997 in the amount of \$214,336 for a period of three years for the purpose of acquiring fire apparatus for the City. The bonds were issued at a 5.2% interest rate with final maturity on March 3, 2000. Interest was paid semi-annually. The bond issue was repaid from property tax monies received in the safety tax special revenue fund.

The Building Improvement bonds (Municipal Building Bond) were issued in 1997 in the amount of \$418,000 for a period of ten years for the purpose of making improvements to the municipal building. The bonds were issued at a 5.2% interest rate with final maturity on March 3, 2007. Interest is paid semi-annually. The bond issue will be repaid from general fund monies transferred to the loan consolidation debt service fund.

The Valley Auto Theater Property bonds were issued in 1990 in the amount of \$300,000 for a period of 20 years. The bonds were issued at a 7.5% interest rate with final maturity on June 15, 2010. Interest is paid semiannually. The bond issue will be repaid from monies received in the Compton Road capital projects fund.

Compensated absences and due to other governments (which represents the contractually required pension contributions paid outside of the available period), will be paid from the funds from which the employees' salaries are paid.

As of December 31, 2000, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$7,423,490, and the unvoted legal debt margin was \$3,528,574.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the City's outstanding obligations at December 31, 2000, are:

	Various Purpose (Drive-in)	Building Improvement	Valley Auto Theater	Total
2001	\$42,376	\$72,694	\$25,688	\$140,758
2002	42,376	72,694	24,562	139,632
2003	42,376	72,694	23,438	138,508
2004	42,376	72,694	22,312	137,382
2005	42,376	72,694	21,188	136,258
2006-2010	63,564	109,040	89,062	261,666
Totals	<u>\$275,444</u>	<u>\$472,510</u>	<u>\$206,250</u>	<u>\$954,204</u>

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Center for Local Government - The Center for Local Government was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The City does not have any financial interest in or responsibility for the Center. The City's financial contribution during 2000 was immaterial. Information can be obtained from the Center by writing to Lee Meyer, Director of the Center for Local Government, 4144 Crossgate Drive, Ohio, 45236.

The Hamilton County Municipal League (HCML) - The City participates in the Hamilton County Municipal League, a jointly governed organization. HCML members shall be represented by the Mayor or his designee from the incorporated municipalities of Hamilton County. Any member municipality may nominate for membership a municipality located outside Hamilton County. The purpose of the HCML is the furtherance of local government, the improvement of municipal government and services, promotion of general welfare of the cities and villages, to provide an opportunity for the municipalities to meet as a group for the discussion of mutual problems, or special problems, and to provide training or educational programs as may be deemed appropriate.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000**

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (continued)

The HCML charges an annual membership fee as determined by the Board of Directors and confirmed by a majority of the membership of the HCML. This Board consists of the five officers elected by a majority vote and the Mayor of the City of Cincinnati or his designee. This Board was created to conduct the business of the HCML.

Any member may withdraw its membership upon written notice to the HCML. A member shall also cease to be a member in good standing if the dues are not paid at the annual meeting. If the organization were to dissolve, HCML's net assets shall revert to the said public bodies in proportion to each body's contribution towards the assets.

Payments to the HCML are made from the general fund. The amount the City paid during 2000 was immaterial. To obtain financial information, write to Curt Paddock, Director of the Hamilton County Municipal League at 5725 Dragon Way, Suite 219, Cincinnati, Ohio, 45227.

NOTE 16 - CONTINGENT LIABILITIES

Litigation

The City of Mt. Healthy is party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 2000, to December 31, 2000, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

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City of Mt. Healthy
Hamilton County, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$346,059	\$61,051	\$21,999	\$101,848
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	199,284	0	0
Receivables:				
Property and Other Local Taxes	246,053	130,757	0	0
Income Taxes	108,110	0	0	0
Accounts	5,952	0	0	0
Special Assessments	0	282	0	0
Accrued Interest	3,794	0	0	2,046
Due from Other Governments	121,033	13,791	0	0
Fixed Assets				
Restricted Assets:				
Cash and Cash Equivalents held by Escrow Agents	0	0	0	3,283
Investments held by Escrow Agents	0	0	0	167,166
Fixed Assets	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Other Debits	<u>\$831,001</u>	<u>\$405,165</u>	<u>\$21,999</u>	<u>\$274,343</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$11,914	\$74,625	\$0	\$0
Contracts Payable	22,957	0	0	0
Due to Other Governments	11,772	0	0	0
Deferred Revenue	246,053	125,403	0	0
Compensated Absences Payable	913	0	0	0
Undistributed Monies	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>293,609</u>	<u>200,028</u>	<u>0</u>	<u>0</u>
Fund Equity:				
Investment in General Fixed Assets	0	0	0	0
Fund Balances:				
Unreserved	<u>537,392</u>	<u>205,137</u>	<u>21,999</u>	<u>274,343</u>
Total Fund Equity	<u>537,392</u>	<u>205,137</u>	<u>21,999</u>	<u>274,343</u>
Total Liabilities and Fund Equity	<u>\$831,001</u>	<u>\$405,165</u>	<u>\$21,999</u>	<u>\$274,343</u>

See Accompanying Notes to the General Purpose Financial Statements

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Agency			
\$0	\$0	\$0	\$530,957
450	0	0	450
0	0	0	199,284
0	0	0	376,810
0	0	0	108,110
0	0	0	5,952
0	0	0	282
0	0	0	5,840
0	0	0	134,824
0	0	0	3,283
0	0	0	167,166
0	1,917,810	0	1,917,810
0	0	21,999	21,999
0	0	1,007,641	1,007,641
<u>\$450</u>	<u>\$1,917,810</u>	<u>\$1,029,640</u>	<u>\$4,480,408</u>
\$0	\$0	\$0	\$86,539
0	0	0	22,957
0	0	24,548	36,320
0	0	0	371,456
0	0	126,997	127,910
450	0	0	450
0	0	878,095	878,095
<u>450</u>	<u>0</u>	<u>1,029,640</u>	<u>1,523,727</u>
0	1,917,810	0	1,917,810
0	0	0	1,038,871
0	1,917,810	0	2,956,681
<u>\$450</u>	<u>\$1,917,810</u>	<u>\$1,029,640</u>	<u>\$4,480,408</u>

City of Mt. Healthy
Hamilton County, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 1999

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues:					
Property and Other Local Taxes	\$584,560	\$236,790	\$0	\$0	\$821,350
Income Taxes	1,014,326	0	0	0	1,014,326
Intergovernmental	226,276	184,134	0	0	410,410
Charges for Services	391,148	0	0	0	391,148
Fines, Licenses and Permits	117,382	0	0	0	117,382
Special Assessments	0	3,476	0	0	3,476
Rent	1,515	0	0	0	1,515
Investment Income	16,527	0	0	31,690	48,217
Net Decrease in Fair Value of Investments	0	0	0	(15,778)	(15,778)
Donations	2,750	2,240	0	16,000	20,990
Miscellaneous	19,563	9,185	0	0	28,748
Total Revenues	2,374,047	435,825	0	31,912	2,841,784
Expenditures:					
Current:					
Security of Persons and Property	950,787	115,758	0	0	1,066,545
Transportation	0	309,600	0	1,151	310,751
Public Works	288,842	0	0	0	288,842
Leisure Time Activities	189,231	21,673	0	0	210,904
Community Environment	83,958	0	0	0	83,958
General Government	463,089	3,178	0	510	466,777
Capital Outlay	0	50,505	0	76,260	126,765
Debt Service:					
Principal Retirement	0	86,792	8,000	15,000	109,792
Interest and Fiscal Charges	0	5,744	23,744	25,730	55,218
Total Expenditures	1,975,907	593,250	31,744	118,651	2,719,552
Excess of Revenues Over (Under) Expenditures	398,140	(157,425)	(31,744)	(86,739)	122,232
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	0	(136,950)	0	0	(136,950)
Operating Transfers - In	0	120,000	9,800	110,736	240,536
Operating Transfers - Out	(240,536)	0	0	0	(240,536)
Total Other Financing Sources (Uses)	(240,536)	(16,950)	9,800	110,736	(136,950)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	157,604	(174,375)	(21,944)	23,997	(14,718)
Fund Balances at Beginning of Year - Restated (See Note 3)	379,788	379,512	43,943	250,346	1,053,589
Fund Balances at End of Year	\$537,392	\$205,137	\$21,999	\$274,343	\$1,038,871

See Accompanying Notes to the General Purpose Financial Statements

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City of Mt. Healthy
Hamilton County, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Local Taxes	\$594,058	\$584,560	(\$9,498)	\$279,815	\$231,154	(\$48,661)
Income Taxes	1,128,453	994,127	(134,326)	0	0	0
Intergovernmental	147,965	114,703	(33,262)	294,052	186,757	(107,295)
Charges for Services	392,361	385,552	(6,809)	0	0	0
Fines, Licenses and Permits	141,565	122,246	(19,319)	0	0	0
Special Assessments	0	0	0	4,834	3,476	(1,358)
Rent	4,017	1,515	(2,502)	0	0	0
Investment Income	18,872	12,733	(6,139)	0	0	0
Donations	2,017	2,750	733	0	2,240	2,240
Miscellaneous	19,033	19,528	495	4,085	8,493	4,408
Total Revenues	2,448,341	2,237,714	(210,627)	582,786	432,120	(150,666)
Expenditures:						
Current:						
Security of Persons and Property	992,309	949,259	43,050	116,089	115,758	331
Transportation	0	0	0	284,030	304,069	(20,039)
Public Works	288,670	288,670	0	0	0	0
Leisure Time Activities	193,265	189,289	3,976	25,000	21,673	3,327
Community Environment	89,311	83,958	5,353	0	0	0
General Government	511,203	489,697	21,506	0	0	0
Capital Outlay	0	0	0	54,500	50,505	3,995
Debt Service:						
Principal Retirement	0	0	0	86,743	86,792	(49)
Interest and Fiscal Charges	0	0	0	5,795	5,744	51
Total Expenditures	2,074,758	2,000,873	73,885	572,157	584,541	(12,384)
Excess of Revenues Over (Under) Expenditures	373,583	236,841	(136,742)	10,629	(152,421)	(163,050)
Other Financing Sources (Uses):						
Operating Transfers - In	0	0	0	86,183	120,000	33,817
Operating Transfers - Out	(262,480)	(240,536)	21,944	0	0	0
Total Other Financing Sources (Uses)	(262,480)	(240,536)	21,944	86,183	120,000	33,817
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	111,103	(3,695)	(114,798)	96,812	(32,421)	(129,233)
Fund Balances at Beginning of Year	312,186	312,186	0	93,472	93,472	0
Prior Year Encumbrances Appropriated	37,568	37,568	0	0	0	0
Fund Balances at End of Year	\$460,857	\$346,059	(\$114,798)	\$190,284	\$61,051	(\$129,233)

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	50,853	29,644	(21,209)
0	0	0	10,516	16,000	5,484
0	0	0	0	0	0
0	0	0	61,369	45,644	(15,725)
0	0	0	0	0	0
0	0	0	1,151	1,151	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,100	510	590
0	0	0	76,000	76,260	(260)
8,000	8,000	0	15,000	15,000	0
23,744	23,744	0	28,041	25,730	2,311
31,744	31,744	0	121,292	118,651	2,641
(31,744)	(31,744)	0	(59,923)	(73,007)	(13,084)
31,399	9,800	(21,599)	79,728	110,736	31,008
0	0	0	0	0	0
31,399	9,800	(21,599)	79,728	110,736	31,008
(345)	(21,944)	(21,599)	19,805	37,729	17,924
43,943	43,943	0	250,346	250,346	0
0	0	0	0	0	0
\$43,598	\$21,999	(\$21,599)	\$270,151	\$288,075	\$17,924

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Reporting Entity

The City of Mt. Healthy (the "City") was incorporated in 1817 as a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City is directed by a publicly-elected eight-member Council. The City provides general governmental services, recreation and park operations, public safety (police and fire services), and public works (maintenance and construction of public improvements).

The eight-member Council is elected to two year terms. The Mayor, Auditor, and Treasurer are elected to four year terms. The Mayor appoints a Safety Service Director who executes the laws and administers the government of the City. The Safety Service Director appoints all of the department managers of the City.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government represents the primary City operations which are directly responsible to the Mayor and Council. The City is divided into departments, financial management and control systems. Services provided include police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, community development, public health and welfare. A staff provides support (i.e., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City has one component unit included in its reporting entity.

The Mt. Healthy Community Improvement Corporation (CIC) was created as a not for profit corporation under Sections 1724.01 et. seq., Ohio Revised Code. The CIC was established in January, 1990, for the purpose of acquiring and developing real property located in the City of Mt. Healthy to increase the opportunities for employment and strengthen the economic development of the City. The CIC is governed by a nine member Board of Trustees, six of which are elected or appointed officials of the City. Because this service entirely benefits the City, the CIC is considered a blended component unit of the City. This activity is presented as a special revenue fund of the City.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

The Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines.

The City is associated with two organizations, which are defined as jointly governed organizations. These organizations are the Center for Local Government and the Hamilton County Municipal League (HCML). These organizations are presented in Note 16 of the General Purpose Financial Statements.

Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types." The following categories and fund types are used by the City:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

General Fund - The general fund is the operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - The special revenue funds are used to account for the revenues derived from specific taxes, grants, or other sources (other than amounts relating to major capital projects) whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Fund Type

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's only fiduciary fund is an agency fund. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve the measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to a specific fund and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - The general fixed assets account group is used to account for all fixed assets of the City. These assets do not represent financial resources available for expenditure.

General Long-Term Obligations Account Group - This account group is used to account for all unmatured long-term obligations of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Mt. Healthy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All governmental fund types and the agency fund are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 31 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Unmatured principal and interest on general long-term debt is recognized when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes withheld by employers, interest, state-levied locally shared taxes (including gasoline tax and motor vehicle licenses), rentals, levied special assessments and certain charges for services.

Other revenues, including income taxes other than those withheld by employers, donations and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1999, whose availability is indeterminable and which are not intended to finance the current year, have also been recorded as deferred revenue as further described in Note 7.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund and the community improvement corporation special revenue fund, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the program level within each fund (general fund - security of persons and property, transportation, public works, leisure time activities, community environment, general government, capital outlay and debt service). This is the level at which City Council approves appropriations. The allocation of appropriations between line items within a program may be modified with approval of the City Auditor. All other budgetary modifications may only be made by ordinance of the City Council.

Tax Budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund.

The City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund cash balances at December 31. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources for 1999.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. During the year several supplemental appropriation measures were passed, although none of these supplements were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding calendar year and is not reappropriated.

Cash and Cash Equivalents

To improve cash management, all cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each funds' interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. The City's Mayor's Court has its own checking account for the collection and distribution of court fines and forfeitures and is presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts." The City deposited funds in an escrow account to guarantee the payment of outstanding debt issued in association with the CIC jointly governed organization. The deposits in this account are invested in the Firststar Treasury Fund and U.S. Treasury Notes and are presented on the combined balance sheet as "Restricted Assets: Cash and Cash Equivalents held by Escrow Agents and Restricted Assets: Investments held by Escrow Agents," respectively. During fiscal year 1999, investments also included nonnegotiable certificates of deposit.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The City Council has specified the funds to receive an allocation of interest earnings. Investment income credited to the general fund during fiscal year 1999 amounted to \$16,527, which includes \$4,834 assigned from other City funds. The capital projects funds also received investment income in the amount of \$31,690.

For presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents.

Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

All purchased fixed assets are valued at cost when historical records are available and estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The fixed assets threshold for the City is \$500.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as entitlements, and grants awarded on a non-reimbursement basis are recorded as revenues when measurable and available. Reimbursable type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Compensated Absences

The City follows the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than 31 days after year end are considered not to have been paid with current available financial resources.

General obligation bonds are recognized as a liability of the general long-term obligations account group until due.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Compensated Absences	Will be paid by the funds from which the employees' salaries are paid
Due to Other Governments	Will be paid by the funds from which the employees' salaries are paid
General Obligation Bonds	Will be paid by the special revenue, debt service, and capital projects funds

Restricted Assets

Restricted assets in the capital projects fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include monies deposited by the City in an escrow account to guarantee the payment of outstanding debt issued in association with the CIC blended component unit.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - PRIOR YEAR RESTATEMENTS

Total liabilities in the general long-term obligations account group increased by \$22,486, from \$1,111,304 to \$1,133,790, due to incorrectly recording the pension obligation paid outside the available period. The amount was recorded as a liability of the general fund rather than a general long-term obligation.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 3 - PRIOR YEAR RESTATEMENTS (continued)

The City has restated beginning fund balances for cash and accrued salaries payable. Restatements were also necessary due to fund reclassifications. The effect on the excess due to the restatement for the addition of the blended component unit could not be determined. The effect of these changes on beginning fund balance and the effect on the excess of revenues and other financing sources over expenditures and other financing uses follows:

	General	Debt Service	Capital Projects	Expendable Trust
Excess as previously reported	(\$21,893)	\$0	\$19,648	(\$9,577)
Restatement for Errors in Recording Cash Transactions	(120,903)	79,709	41,271	0
Restatement for Fund Reclassifications	0	(16,066)	6,489	9,577
Restatement for Due to Other Governments	22,486	0	0	0
Restated Amounts for the year ended December 31, 1998	<u>\$120,310</u>	<u>\$63,643</u>	<u>\$67,408</u>	<u>\$0</u>

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Fund Balances (Deficit) at December 31, 1998	\$478,205	\$27,911	(\$2,143)	\$31,594	\$223,567
Restatement for Errors in Recording Cash Transactions	(120,903)	79,709	41,271	0	0
Restatement for Due to Other Governments	22,486	0	0	0	0
Restatement for Fund Reclassifications	0	0	4,815	218,752	(223,567)
Restatement for addition of Blended Component Unit	0	271,892	0	0	0
Fund Balances Restated at December 31, 1998	<u>\$379,788</u>	<u>\$379,512</u>	<u>\$43,943</u>	<u>\$250,346</u>	<u>\$0</u>

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Compliance

During 1999, the City did not encumber anticipated expenditures as required by section 5705.41 of the Ohio Revised Code.

The following budgetary programs had an excess of expenditures over appropriations for the year ended December 31, 1999:

	<u>Excess</u>
<i>Special Revenue Funds:</i>	
Street Construction, Maintenance and Repair	
Transportation	\$19,984
State Highway	
Transportation	55
Safety Tax	
Principal Retirement	49
<i>Capital Projects Fund:</i>	
Hamilton Avenue Improvement	
Capital Outlay	260

Accountability

The property acquisition - Perry Street debt service fund and the construction in progress capital projects fund had appropriations in excess of estimated resources for the year ended December 31, 1999, in the amounts of \$400 and \$36,000, respectively.

NOTE 5 - BUDGET TO GAAP RECONCILIATION

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, appropriations and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 5 - BUDGET TO GAAP RECONCILIATION (continued)

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Revenues and expenditures were not presented for non-budgeted funds (budget basis) but were recorded on the operating statement (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended December 31, 1999, on the GAAP basis to the budget basis are as follows:

Excess of Revenues and Other Financing Sources Over (Under)
Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$157,604	(\$174,375)	(\$21,944)	\$23,997
Adjustments:				
Revenue Accruals	(136,333)	(3,685)	0	(2,046)
Expenditure Accruals	(24,966)	5,531	0	0
Non-Budgeted Activity	0	140,108	0	0
Decrease in Fair Value of Investments	0	0	0	15,778
Budget Basis	(\$3,695)	(\$32,421)	(\$21,944)	\$37,729

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS

The investment and deposit of City monies are governed by the Ohio Revised Code. State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

State statute permits interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held until maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the auditor or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements."

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Deposits

At year end, the carrying amount of the City's deposits was \$730,691 and the bank balance was \$647,369. Of the bank balance, \$200,000 was covered by federal depository insurance, and \$447,369 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City held to a successful claim by the FDIC.

Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Firststar Treasury Fund investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Unclassified</u>	<u>Fair Value</u>
U.S. Treasury Note	\$167,166	\$0	\$167,166
Firststar Treasury Fund	0	3,283	3,283
Total	<u>\$167,166</u>	<u>\$3,283</u>	<u>\$170,449</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, entitled "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$733,974	\$167,166
Investments:		
Firststar Treasury Fund	(3,283)	3,283
GASB Statement No. 3	\$730,691	\$170,449

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (other than public utility) located in the City. Property tax revenue received during 1999 for real and public utility property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility) are for 1999 taxes.

1999 real property taxes are levied after October 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 real property taxes are collected in and intended to finance 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 1999, was \$7.11 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 7 - PROPERTY TAXES (continued)

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$57,990,920
Public Utility Property	6,900,970
Tangible Personal	<u>2,855,210</u>
Total Property Taxes	<u><u>\$67,747,100</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Mt. Healthy. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 operations. The receivable is offset by deferred revenue.

NOTE 8 - INCOME TAX

The City levies a municipal income tax of two percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

In 1999, income tax proceeds were allocated to the general fund. Income tax revenue for 1999 was \$1,014,326.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 9 - RECEIVABLES

Receivables at December 31, 1999, consisted of property and other local taxes, special assessments, income taxes, accounts, interest and intergovernmental receivables arising from grants, entitlements DUI and drug fines, and shared revenues. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

<u>Fund Type/Fund</u>	<u>Amount</u>
<u>General Fund</u>	
DUI Fines	\$17
Drug Fines	225
Local Government Revenue Assistance	1,076
Undivided Local Government	1,313
Estate Tax	117,104
Security Reimbursement	<u>1,298</u>
Total General Fund	<u>121,033</u>
<u>Special Revenue Funds</u>	
<u>Street Construction, Maintenance and Repair</u>	
Motor Vehicle Registration	\$2,695
Gasoline Cents per Gallon	6,262
State Gasoline Excise Tax	3,178
Reimbursement	<u>672</u>
Total Street Construction, Maintenance and Repair Fund	<u>12,807</u>
<u>State Highway</u>	
Motor Vehicle Registration	218
Gasoline Cents per Gallon	508
State Gasoline Excise Tax	<u>258</u>
Total State Highway Fund	<u>984</u>
Total Special Revenue Funds	<u>13,791</u>
Total All Funds	<u>\$134,824</u>

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 10 - FIXED ASSETS

A summary of the changes in general fixed assets during the year ended December 31, 1999, were as follows:

Asset Category	Balance at December 31, 1998	Additions	Deletions	Balance at December 31, 1999
Land	\$282,200	\$0	\$0	\$282,200
Buildings	255,600	0	0	255,600
Equipment and Vehicles	1,334,025	45,985	0	1,380,010
Totals	<u>\$1,871,825</u>	<u>\$45,985</u>	<u>\$0</u>	<u>\$1,917,810</u>

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement, disability, and survivor benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$48,190, \$67,800, and \$62,732, respectively. The full amount has been contributed for 1999, 1998 and 1997.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Police and Firemen's Disability and Pension Fund

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement benefits, annual cost-of-living adjustments, and disability to qualified participants and survivor and death benefits to qualified spouses, children and dependent parents. Benefits are based on eligible service credit. Benefits are established by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Police are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.5 percent for police. The City has no firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 1999, 1998, and 1997 were \$59,942, \$89,209, and \$88,303, respectively. The full amount has been contributed for 1998 and 1997. 73.75 percent has been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post employment Benefit (OPEB) as described in *GASB Statement No. 12*. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care for 1999.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

For 1999, benefits are funded on a pay-as-you-go basis. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$22,162.

Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which the board defined 7 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Milford has no fire personnel; therefore, the Fund covers police personnel only.

The number of participants eligible to receive health care benefits as of December 31, 1998 (the latest information available), was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$34,767 for police. The Fund's total health care expenses for the year ended December 31, 1998, were \$78,596,790, which was net of member contributions of \$5,331,515.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

City employees earn vacation leave and personal leave at varying rates based upon length of service. Upon departure from City employment, an employee (or his estate) will be paid for unused vacation leave.

Full time employees of the City of Mt. Healthy are credited with 15 days of sick leave per year. There is not a maximum sick leave accumulation amount. Upon retirement with ten or more years of service with the City, the State or political subdivision, an employee shall be paid for one-fourth of the total sick leave accumulation.

Unpaid compensated absences of \$913 at December 31, 1999, were reported as an accrued liability in the governmental fund types. The balance of the liability is reported in the general long-term obligations account group in the amount of \$126,997.

Insurance Benefits

The City has elected to provide employee medical/surgical and life insurance benefits through United Health Insurance for all full-time employees. The City pays 100 percent of the monthly premium for all full time employees and 25 percent of the monthly premium for part time employees.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For 1999, the City contracted with Hylant Group Insurance Corporation for municipal general liability, municipal automobile liability, public officials and employees liability and law enforcement liability insurance. The coverages and deductibles are as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Municipal General Liability	\$4,000,000/6,000,000	\$0
Municipal Automobile Liability	4,000,000	0
Property	2,796,128	1,000
Wrongful Acts	4,000,000/6,000,000	2,500
Law Enforcement Liability	4,000,000/6,000,000	2,500
Bond	25,000	0
Crime	10,000	0
Inland Marine	163,560	250
Fire Vehicle	654,000	various

Settled claims have not exceeded the City's coverage in any of the last three years. There has been no significant reduction in coverage from last year.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during 1999 were as follows:

	Restated Balance at December 31, 1998	Increases	Decreases	Balance at December 31, 1999
<u>General Obligation Bonds:</u>				
Various Purpose (Drive-in) 5.20% - 1997	\$250,000	\$0	\$0	\$250,000
Fire Apparatus 5.20% - 1997	131,887	0	86,792	45,095
Building Improvement 5.20% - 1997	418,000	0	0	418,000
Perry Street Property Acquisition 4.75% - 1994	8,000	0	8,000	0
Valley Auto Theater Property 7.50% - 1990	<u>180,000</u>	<u>0</u>	<u>15,000</u>	<u>165,000</u>
TOTAL - General Obligation Bonds	<u>987,887</u>	<u>0</u>	<u>109,792</u>	<u>878,095</u>
<u>Other Long-Term Obligations:</u>				
Compensated Absences Payable	123,417	3,580	0	126,997
Due to Other Governments (Pension Obligations)	<u>22,486</u>	<u>24,548</u>	<u>22,486</u>	<u>24,548</u>
TOTAL - Other Long-Term Obligations	<u>145,903</u>	<u>28,128</u>	<u>22,486</u>	<u>151,545</u>
TOTAL - General Long-Term Obligations	<u>\$1,133,790</u>	<u>\$28,128</u>	<u>\$132,278</u>	<u>\$1,029,640</u>

The Various Purpose (Drive-in) bonds were issued in 1997 in the amount of \$250,000 for a period of ten years with final maturity on March 3, 2007. The bonds were issued at a 5.2% interest rate for the purpose of acquiring and constructing various capital improvements and related appurtenances within the City. Interest is paid semi-annually. The bond issue will be repaid from monies received in the Compton Road capital projects fund.

The Fire Apparatus bonds were issued in 1997 in the amount of \$214,336 for a period of three years for the purpose of acquiring fire apparatus for the City. The bonds were issued at a 5.2% interest rate with final maturity on March 3, 2000. Interest is paid semi-annually. The bond issue will be repaid from property tax monies received in the safety tax special revenue fund.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

The Building Improvement bonds (Municipal Building Bond) were issued in 1997 in the amount of \$418,000 for a period of ten years for the purpose of making improvements to the municipal building. The bonds were issued at a 5.2% interest rate with final maturity on March 3, 2007. Interest is paid semi-annually. The bond issue will be repaid from general fund monies transferred to the loan consolidation debt service fund.

The Perry Street Property Acquisition bond was issued in 1994 for a period of five years for the purpose of acquiring real property to be used as a municipal parking lot. The bond was issued at a 4.75% interest rate and reached final maturity on July 11, 1999. The bond issue was paid from monies received in the Perry Street property acquisition debt service fund.

The Valley Auto Theater Property bonds were issued in 1990 in the amount of \$300,000 for a period of 20 years. The bonds were issued at a 7.5% interest rate with final maturity on June 15, 2010. Interest is paid semiannually. The bond issue will be repaid from monies received in the Compton Road capital projects fund.

Compensated absences and due to other governments (which represents the contractually required pension contributions paid outside of the available period), will be paid from the funds from which the employees' salaries are paid.

As of December 31, 1999, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$6,235,407, and the unvoted legal debt margin was \$2,848,052.

City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 1999, are:

	Various Purpose (Drive-in)	Fire Apparatus	Building Improvement	Valley Auto Theater Property	Total
2000	\$27,584	\$46,268	\$47,319	\$26,813	\$147,984
2001	42,376	0	72,694	25,688	140,758
2002	42,376	0	72,694	24,562	139,632
2003	42,376	0	72,694	23,438	138,508
2004	42,376	0	72,694	22,312	137,382
2005-2009	105,940	0	181,734	94,688	382,362
2010	0	0	0	15,563	15,563
Totals	<u>\$303,028</u>	<u>\$46,268</u>	<u>\$519,829</u>	<u>\$233,064</u>	<u>\$1,102,189</u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Center for Local Government - The Center for Local Government was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The City is a member, but does not have any financial interest in or responsibility for the Center. The City's financial contribution during 1999 was immaterial. Information can be obtained from the Center by writing to Lee Meyer, Director of the Center for Local Government, 4144 Crossgate Drive, Cincinnati, Ohio 45236.

The Hamilton County Municipal League (HCML) - The City participates in the Hamilton County Municipal League, a jointly governed organization. HCML members are represented by the Mayor or his designee from the incorporated municipalities of Hamilton County. Any member municipality may nominate for membership a municipality located outside Hamilton County. The purpose of the HCML is the furtherance of local government, the improvement of municipal government and services, promotion of general welfare of the cities and villages, to provide an opportunity for the municipalities to meet as a group for the discussion of mutual problems, or special problems, and to provide training or educational programs as may be deemed appropriate.

**City of Mt. Healthy
Hamilton County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999**

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (continued)

The HCML charges an annual membership fee as determined by the Board of Directors and confirmed by a majority of the membership of the HCML. This Board consists of the five officers elected by a majority vote and the Mayor of the City of Cincinnati or his designee. This Board was created to conduct the business of the HCML.

Any member may withdraw its membership upon written notice to the HCML. A member shall also cease to be a member in good standing if the dues are not paid at the annual meeting. If the organization were to dissolve, HCML's net assets shall revert to the said public bodies in proportion to each body's contribution towards the assets.

Payments to the HCML are made from the general fund. The amount the City paid during 1999 was immaterial. To obtain financial information, write to Curt Paddock, Director of the Hamilton County Municipal League at 5725 Dragon Way, Suite 219, Cincinnati, Ohio, 45227.

NOTE 17 - CONTINGENT LIABILITIES

Litigation

The City of Mt. Healthy is party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 1999, to December 31, 1999, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Members of Council
City of Mt. Healthy
7700 Perry Street
Mt. Healthy, Ohio 45231

We have audited the financial statements of the City of Mt. Healthy, Ohio (the City), as of and for the years ended December 31, 1999 and December 31, 2000 and have issued our report thereon dated January 17, 2002. We did not audit the financial statements of the Mt. Healthy Community Improvement Corporation, a blended component unit of the City. Those financial statements were audited by another auditor whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mt. Healthy Community Improvement Corporation, is based on the reports of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings as items 2000-01, 2000-02, 2000-03, and 2000-04. We also noted other instances of noncompliance that we have reported to the management of the City in a separate letter dated January 17, 2002.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. These reportable conditions are described in the accompanying schedule of findings as items 2000-03 and 2000-04.

Members of Council
City of Mt. Healthy
Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We do not consider any of the items described above as reportable conditions to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated January 17, 2002.

This report is intended for the information and use of the Finance Committee, City Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig & Associates, I nc.

J. L. UHRIG & ASSOCIATES, INC.
Certified Public Accountants

January 17, 2002

CITY OF MT. HEALTHY, OHIO
Hamilton County
Schedule of Findings
For the Years Ended December 31, 1999 and 2000

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2000-01

Section 5705.09(F) of the Ohio Revised Code, in summary, states that each subdivision shall establish a general fund and other specific funds where revenue derived from a source other than the general property tax are for a specific purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure, and anticipated expenditures should be included in the City's appropriations. The State of Ohio made payments of Ohio Public Works Commission monies to contractors in the amount of \$419,207 on behalf of the City. The City did not formally establish the required fund to account for these monies during 2000.

Finding Number 2000-02

Section 5705.41(D) of the Ohio Revised Code, in summary, states that any expenditure of money shall have attached thereto, a certificate of the fiscal officer which states that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This certificate need be signed only by the fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the legislative authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the legislative authority, if such expenditure is otherwise valid.

Many of the expenditures tested either had invoices dated prior to the purchase order date, or had no purchase order attached at all.

Finding Number 2000-03

Section 5705.39 of the Ohio Revised Code, in summary, states that the total appropriations from each fund should not exceed the total estimated resources. As of December 31, 2000, the Street Construction, Maintenance and Repair, the State Highway and the Safety Tax Special Revenue Funds, and the Construction in Progress Capital Projects Fund each had total appropriations in excess of the total estimated resources. As of December 31, 1999, the Property Acquisition - Perry Street Debt Service Fund, and the Construction in Progress Capital Projects Fund each had total appropriations in excess of the total estimated resources.

CITY OF MT. HEALTHY, OHIO
Hamilton County
Schedule of Findings
For the Years Ended December 31, 1999 and 2000

Finding Number 2000-04

Section 5705.41(B) of the Ohio Revised Code, in summary, states that expenditures cannot be made unless they have been properly appropriated. As of December 31, 2000, the General Fund, the Street Construction, Maintenance and Repair Special Revenue Fund, and the Compton Road Capital Projects Fund each had expenditures in excess of appropriations. As of December 31, 1999, the Street Construction, Maintenance and Repair, the State Highway and the Safety Tax Special Revenue Funds, and the Hamilton Avenue Improvement Capital Projects Fund each had expenditures in excess of appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF MT. HEALTHY

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 18, 2002**